

# M e m o r a n d u m

To: Panel Members

Date: June 22, 2007

From: Ruby Cohen, Manager

Analyst: K.Ohta

Subject: One-Step Agreement for **BUNGE NORTH AMERICA, INC.**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce Moving To A High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - *Worldwide:* 22,000
  - *In California:* 48
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

## **CONTRACT:**

- Program Costs: \$103,680
- Substantial Contribution: \$0
- Total ETP Funding: \$103,680
- Total In-kind Contribution: \$114,662
  - *Trainee Wages Paid During Training:* \$114,662
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Stanislaus

## **INTRODUCTION:**

Bunge North America, Inc. (Bunge), a subsidiary of Bunge Limited, produces food oil and shortening products and distributes its products to major food distributors, restaurants, and bakeries throughout California as well as to retailers worldwide.

The company meets out-of-state competition requirements under Title 22, California Code of Regulations (CCR), Section 4416. It has been determined eligible for ETP funding as a manufacturer retraining current employees.

Bunge is proposing to train 48 full-time employees at their Modesto facility in manufacturing and continuous improvement skills in order to remain competitive in the California economy and to move towards a high performance workplace.

## **MEETING ETP GOALS AND OBJECTIVES:**

Bunge proposes training that will further the following ETP goals and objectives:

- 1) Foster the retention of manufacturing jobs within California.
- 2) Foster job retention in industries threatened by out-of-state competition.
- 3) Enhance job skills of frontline workers in a high performance workplace.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1	MENU: *Continuous Improvement *Manufacturing Skills	48	24 - 200	\$2,160	*\$12.38 - \$52.88
Wages After 90-Day Retention					
<u>Occupation</u>					
Administrative Staff Frontline Supervisors / Managers Maintenance Workers Production Workers Warehouse Workers					
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>			<u>Turnover Rate</u>	<u>% Of Mgrs &amp; Supervisors To Be Trained:</u>	
*Health, dental, and / or visions benefits of at least \$1.89 per hour may be added to trainees' wages to meet the ETP minimum hourly rate of *\$12.38 for Stanislaus County.			14%	0%	
<u>Other Employee Benefits:</u>					
401(K) with match, Pension, Short Term Disability, Long Term Disability Paid Vacation, and Flexible Spending Account.					

**COMMENTS / ISSUES:**

➤ ***Frontline Workers***

All participants meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee). The managers/supervisors participating in this training proposal are considered frontline workers.

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

**RECOMMENDATION:**

Staff recommends that the Panel approve Bunge's proposal, as this training will enable Bunge to implement Lean Manufacturing processes at its facility and adapt to high performance workplace that will result in the retention of manufacturing jobs in California.

**NARRATIVE:**

Originally established in the Netherlands in 1818, through the years Bunge has expanded its facilities in order to increase capacity and modernize processes and equipment. Bunge maintains that it is now one of the largest manufacturers of private-label edible food and shortening products in the country.

According to company representatives to remain competitive, maintain its market share, and meet customer demands, Bunge must retrain its workers to work smarter and continuously improve processes. In this effort, Bunge is requesting funds to provide 48 employees with training in the Kaizen program which is rooted in cell-based production, a change in corporate culture, and a commitment to customer responsiveness. Such training will assist this long-time manufacturer to transform into a technology-driven, fast paced company with employees working smarter to produce a variety of products in less time at a lower cost. The Lean project must be aggressively implemented throughout the whole organization to be successful.

The proposed training will enable the company to move into a high performance workplace with employees equipped with problem-solving, decision making, understanding forecasting, planning and production processes and systems.

Bunge is requesting the Panel's assistance to provide a 24 to 200 hour menu curriculum consisting of the following types of training:

**Continuous Improvement:** Bunge will provide Continuous Improvement Skills to all employees in the following: Process Improvement, Problem Solving, Teambuilding, Just-In-Time Processes.

**Manufacturing Skills:** Bunge will provide Manufacturing Skills to all employees in the following: Kaizen Process, Lean Sigma Value Chain, Supply Chain Management, Point Kaizen and Lean Training.

**Commitment to Training**

Bunge has current training budget of \$50,000 per year. Bunge representatives states that the ETP training program will be above and beyond what the company has already provided or is providing. According to company representatives, Bunge has made a commitment to provide safety and new-hire orientations to all occupations, as well as on-the-job training in basic skills and new equipment.

**SUBCONTRACTOR:**

None.

**THIRD PARTY SERVICES:**

None.

**Bunge North America, Inc.**

MENU CURRICULUM

Class-Lab Hours  
(24 – 200)

Trainees will receive any of the following:

**Continuous Improvement**

- ▶ Process Improvement
- ▶ Problem Solving
- ▶ Teambuilding
- ▶ Just-In-Time
- ▶ Processes

**Manufacturing Skills**

- ▶ Kaizen Process
- ▶ Lean Sigma Process Improvement
- ▶ Lean Sigma Value Chain
- ▶ Supply Chain Management
- ▶ Point Kaizen
- ▶ Lean Training